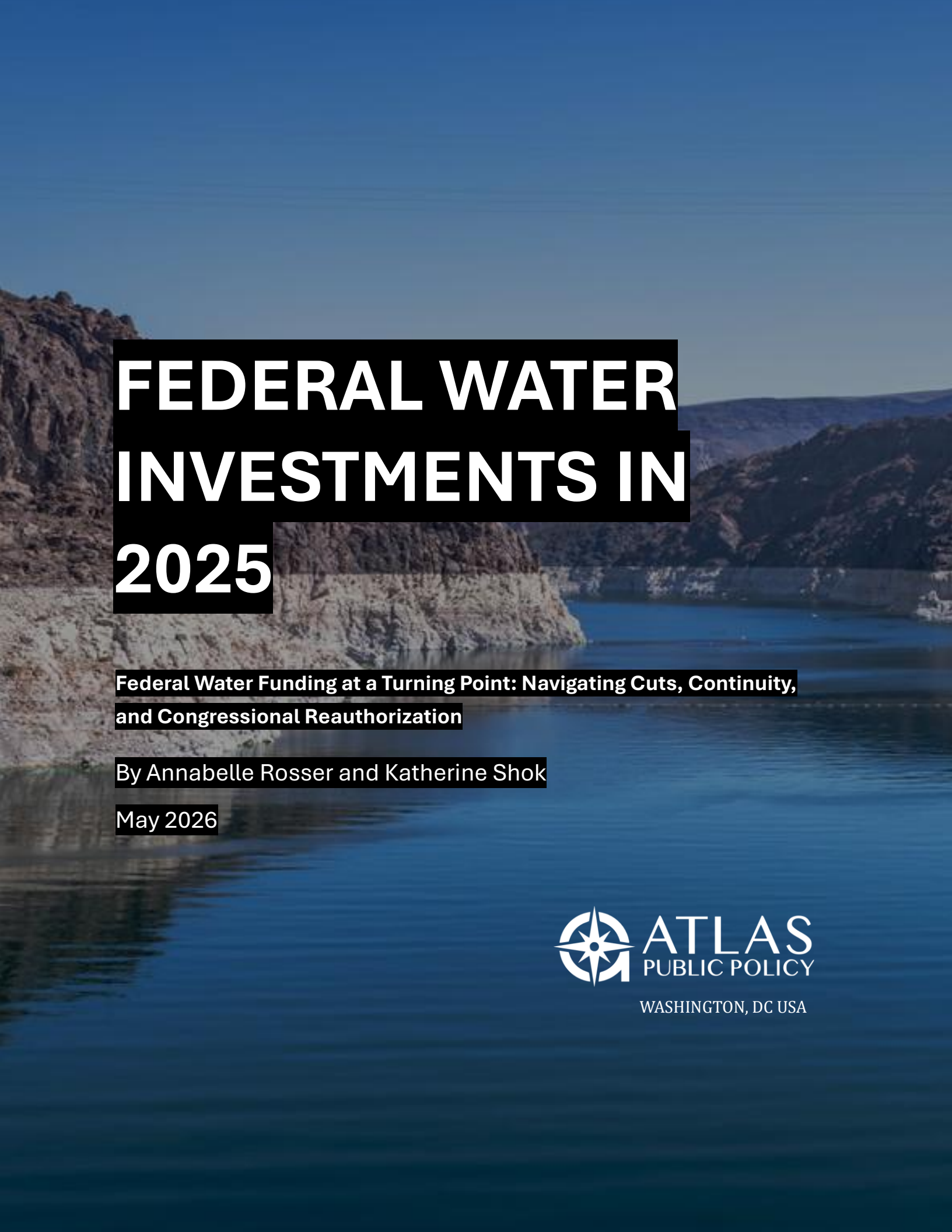

FEDERAL WATER INVESTMENTS IN 2025

Federal Water Funding at a Turning Point: Navigating Cuts, Continuity, and Congressional Reauthorization

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May 2026

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WASHINGTON, DC USA

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Executive Summary

Federal water infrastructure received substantial funding boosts from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, with most funds awarded by the end of 2024 to support nationwide upgrades and restoration. 2025 saw disruptions from funding freezes and cuts. However, many key programs continue to operate into 2026, ensuring ongoing implementation needs and opportunities. What funding for many of these key programs will look like in fiscal year 2027 and beyond will depend on Congressional priorities as Congress debates federal surface transportation reauthorization and the FY2027 budget.

Water Investments Awarded

The Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) have directed approximately **$95 billion across 106 federal programs** to upgrade and restore water infrastructure nationwide through 2025. By the end of 2024, more than 90 percent of funds had already been allocated, supporting a wide range of projects and initiatives. These investments have enabled significant progress in modernizing water systems and launching new programs for environmental restoration and climate resilience. 2025 saw a continuation of certain programs, like the Drinking Water and Clean Water State Revolving Loan Funds (DWSRF and CWSRF):

- Roughly **$12 billion** in DWSRF allocations have been dedicated to addressing lead service lines, supporting water providers in meeting EPA safe drinking water standards, despite delays in spending fiscal year 2025 funds.
- California has received the largest share of federal water funding, totaling **$9 billion** through over **800 grants**.
- More than **$45 billion** has been dispersed to states to support their State Revolving Funds (SRFs) programs from late 2021 through 2025, with **79 percent** of this amount coming from additional IIJA funding.

Water Investments Targeted for Cancellation

In 2025, federal water funding faced unprecedented disruption due to funding freezes, grant cancellations, and delayed disbursements. As a result, **$5.7 billion** in federal water grants have been at risk for cancellation. Many programs with ties to water policy work were impacted, particularly the Environmental Protection Agency's (EPA) Environmental Climate Justice grants, the Federal Emergency Management Agency's (FEMA) Building Resilient

Infrastructure and Communities (BRIC) program, the National Oceanic and Atmospheric Administration's (NOAA) climate funding, and the United States Department of Agriculture's (USDA) Regional Conservation Partnership Program (RCPP).

- **EPA's Environmental and Climate Justice Grants:** the EPA cut about **$2.5 billion** from the ECJ's four subgrants, including **110** EJ Collaborative Problem-Solving grants, **61** EJ Government-to-Government grants, **21** EJ Thriving Communities Grantmaking grants, and **118** Community Change Grants. Litigation attempting to restore the canceled grants is ongoing.
- **FEMA's BRIC Program:** FEMA's initial announcement to terminate the BRIC program was met with swift legal action, leading to a December ruling by a federal judge stating the agency lacks the authority to end the program. As of March 2026, FEMA has announced plans to fully resume BRIC.
- **NOAA Climate Funding**: The Trump Administration's federal funding cuts, including the rescindment of **$1.8 billion** in previously awarded IRA funding, and legislative changes significantly weakened NOAA's ability to support water-related climate adaptation and resilience, leaving vulnerable communities at greater risk from flooding and habitat loss.
- **USDA's Regional Conservation Partnership Program (RCPP)**: The USDA rescinded $1 billion in RCPP funding, which included canceling about $770 million and 50 grants from program funding from IRA**.** The cancellation impacted a range of climate adaptation, methane reduction, soil carbon sequestration, and landscape-scale conservation projects.

Looking Ahead

Looking ahead to 2026 and the last year of the IIJA funding boost, key water programs like BRIC have been ordered to resume after a prolonged period of uncertainty, while others remain cancelled despite ongoing lawsuits, but most funding continues to be implemented. While much of 2025 was full of uncertainty, Congress largely rejected proposed cuts from the Trump Administration to key water programs during the annual appropriations process in January 2026. With funding streams expected to continue now, remaining funds provide opportunities for water infrastructure investment, despite challenges posed by funding instability and policy shifts. Funding for these programs in fiscal year 2027, after key IIJA funds wraps, will depend on Congressional decisions during federal surface transportation reauthorization and budget talks.

Introduction

The passage of the Infrastructure Investment and Jobs Act (IIJA) in November 2021, followed by the Inflation Reduction Act (IRA) in August 2022, enabled a significant boost to federal funding for the nation's water infrastructure. By the end of 2024, most of these funds had been allocated to projects, paving the way for infrastructure upgrades, new programs, and restoration efforts nationwide. However, 2025 brought a period of disruption and uncertainty, as funding freezes, grant cancellations, and delays in disbursement slowed progress on much-needed improvements to the country's water systems.

In early 2026, the status of water infrastructure funding is mixed: some programs continue to be implemented, while others remain paused or have been eliminated. Despite proposals in the Trump administration's 2026 budget to significantly cut funding for key federal water programs like the Drinking Water and Clean Water State Revolving Funds, Congress, through the annual appropriations process in January, largely rejected these cuts and maintained the program base funding for fiscal year (FY) 2026 [1].

This report provides a comprehensive overview of water infrastructure funding awarded through the IIJA and IRA through 2025, as tracked by the Water Program Portal [2].

The report is organized into three sections:

1. **Water Investments Awarded** provides a summary of significant federal water investments over the last four years, detailing the allocation of approximately $95 billion across 106 distinct programs.
2. **Water Investments Targeted for Cancellation** reviews federal water funding has either been cancelled or faces potential cancellation due to actions taken by the Trump Administration. This will include a close examination of key targeted water programs, including the Environmental Protection Agency's (EPA) Environmental Climate Justice grants, the Federal Emergency Management Agency's (FEMA) Building Resilient Infrastructure and Communities (BRIC) program, National Oceanic and Atmospheric Administration (NOAA) climate funding, and the restructuring of United States Department of Agriculture (USDA) the Regional Conservation Partnership Program (RCPP).
3. **Funding Remaining** looks forward to the upcoming fiscal year, highlighting the funds that remain available for water infrastructure investment in 2026 and the ongoing opportunities and challenges facing these critical programs.

This report is accompanied by a series of factsheets highlighting key elements of federal water investments. To learn more, check out:

1. Fact sheet on the Drinking Water and Clean Water State Revolving Funds (SRF)
2. State fact sheets on SRF investments
3. Fact sheet on federal support for fish passage
4. Fach sheet on federal water investments in Montana, North Carolina, and Utah

Water Investments Awarded

Since the passage of IIJA in 2021 and IRA in 2022, federal water funding has increased to historic levels. By the end of 2025, these landmark laws had more than two thirds of appropriated funding awarded to projects or distributed to states. Any remaining funding is expected to conclude by the end of fiscal year 2026. Since 2022, the Water Program Portal has monitored the rollout of these funds, compiling comprehensive data on appropriations, public funding requests, and awarded grants through its Outcomes Dashboard. The Portal has tracked about $95 billion in federal water-related awards across 106 federal programs in all fifty states and D.C. [3]. State allocations of Drinking Water and Clean Water State Revolving Loan Funds (DWSRF and CWSRF) make up roughly a third of awarded funding.

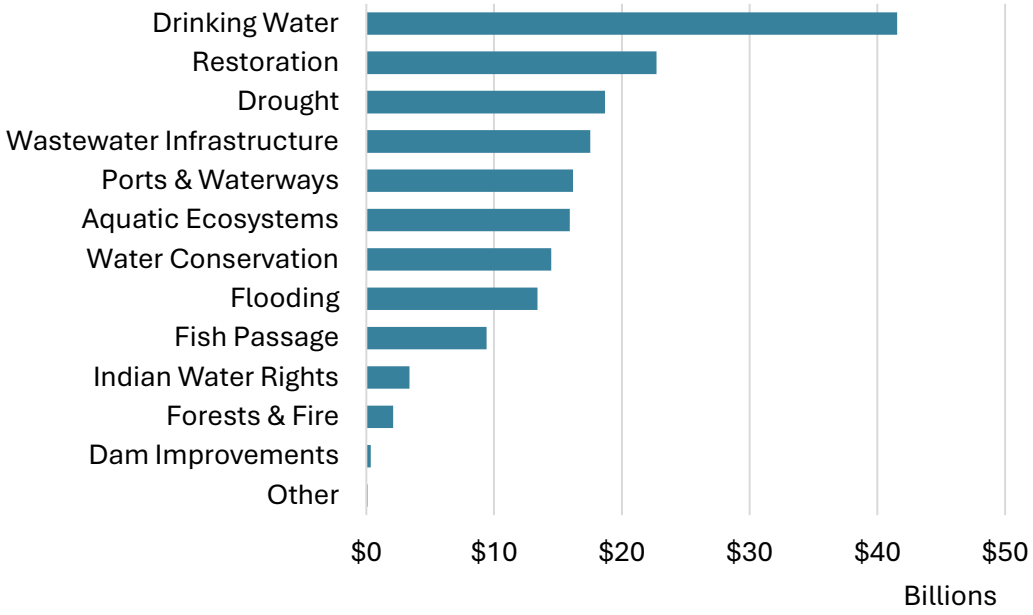
Federal awards support drinking water, restoration, and drought mitigation

Awards have supported a wide range of water projects across the United States, from critical drinking water infrastructure upgrades, lead service line inventories, and the installation of improved water treatment technology to dam removal, fish passage restoration, and headwater forest management. More funding has supported drinking water infrastructure improvements than any other water policy area, including $12 billion in DWSRF allocations to address lead service lines, helping water providers meet EPA safe drinking water standards. So far, these investments have enabled state SRF programs to support over three thousand new projects in local communities, which are estimated to replace over 264,000lead service lines (LSL) across the country [4]. Louisville Water Company has completed its replacement of 32,0000 LSL in Kentucky, and hundreds of similar efforts are ongoing in Milwaukee, Wisconsin; Jersey City, New Jersey; and Denison, Texas. In addition, Direct Pay momentarily expanded public water system access to IRA's clean energy credits, leading to a renewable energy project in Utah that will help offset energy costs and stabilize water rates (Box 1).

Billions have also been invested in various restoration projects, from CWSRF supported efforts to reduce wastewater pollutants, to EPA's ongoing regional restoration work in the

Great Lakes, Chesapeake Bay, Puget Sound, Columbia River Basin, Lake Champlain, Long Island Sound, Lake Tahoe, Southeast New England, San Francisco Bay, and South Florida water resources. Notable projects include $260 million for the Great Lakes Restoration Initiative in Wisconsin, an effort first launched in 2010 to protect and restore the largest fresh surface water system in the world [5].

Figure 1: Most investments support drinking water, restoration, drought, and wastewater infrastructure



Water policy areas are not mutually exclusive, meaning that some funding is attached to more than one policy area. Consequently, the bars in this figure will not add up to the total funding for water as tracked on the Portal. All data reflects awards announced between 2021 and the end of 2025.

Source: Water Program Portal's Outcomes Dashboard

Box 1: Direct Pay Helps Water Utilities Offset Energy Usage and Costs

Direct Pay, a mechanism introduced under the IRA, has significantly expanded access to clean energy projects for public water utilities. Previously, tax exempt entities such as public utilities, local governments, non-profits, and schools were unable to benefit from federal tax credits for renewable energy since they are tax exempt. Direct Pay allowed them to receive these incentives through direct payments [6]. In Utah, Mountain Regional Water Special Service District utilized Direct Pay to access an Investment Tax Credit for Energy Property to support a floating solar array, a first-of-its-kind in the state, at its Signal Hill Treatment Plant [7]. The project will offset about 92 percent of the facility's electrical usage, bringing the district closer to its total renewable energy usage goal and helping to stabilize community water rates [7]. Despite early successes like this, Direct Pay was short lived, as most of the tax credits the mechanism helps entities access have recently expired or are soon expiring due to changes in federal law.

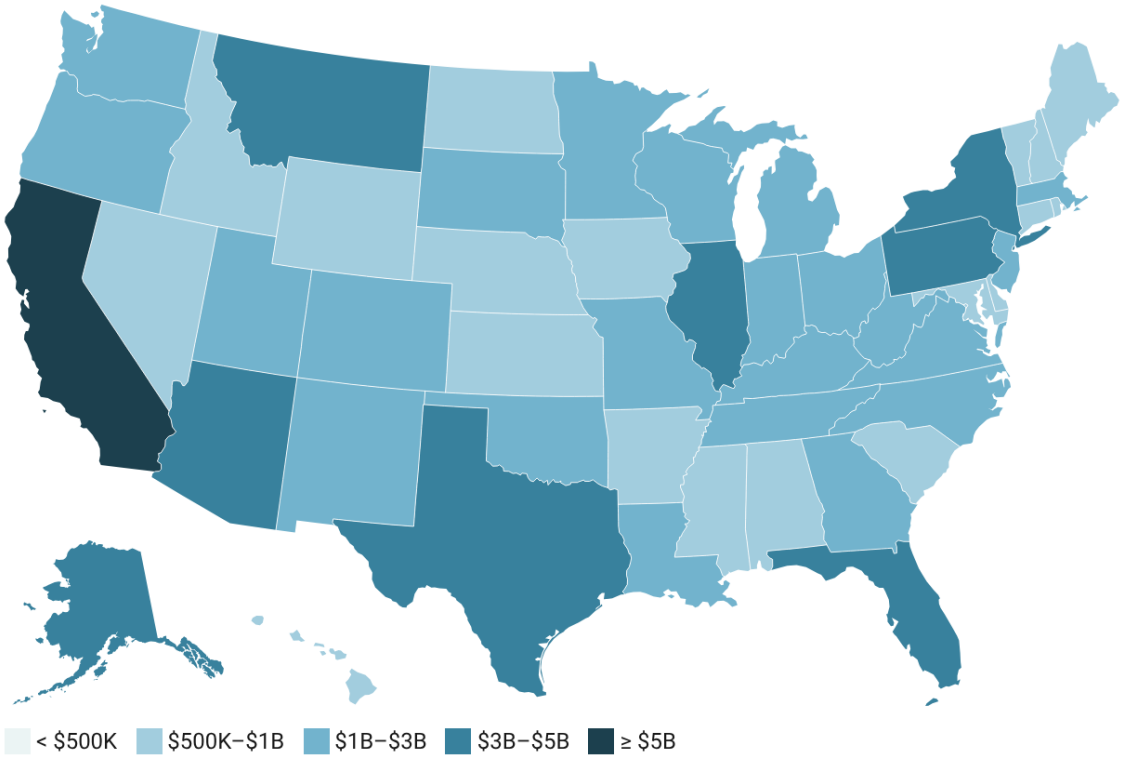
Investments by state and congressional district

California has received the largest share of federal water funding, totaling $9 billion through over 800 grants [8]. Following California, other states with substantial federal water investments include Texas, New York, Pennsylvania, and Arizona (Figure 2). Alaska, Montana, South Dakota, North Dakota, and Wyoming top the nation in per capita investments. In addition to these state-specific awards, a considerable amount of funding (about $9 billion) has been allocated to support national and regional projects.

In California, IIJA and IRA funds primarily support drinking and wastewater infrastructure, drought mitigation, and water conservation. The state's awarded funding includes roughly $2.2 billion in additional IIJA funds for its SRFs and $1.4 billion in awards from the Department of Interior's (DOI) Drought Mitigation program. It has also been awarded about $628 million to support 17 DOI water and groundwater storage projects across the state, including small storage projects like Rancho California Water District's $9.1 million Groundwater Banking Project, which will expand groundwater storage capacity in Pauba Valley. During wet years, the project will provide five thousand acre-feet of water to the region's groundwater, increasing the amount of water available to meet drinking water and agricultural demands in dry years [9]. Other projects include $7 million to construct the largest reservoir in Imperial Irrigation District's history. The new reservoir will store 2,100 acre-feet, four times the capacity of the biggest existing in-Valley reservoir, help conserve

15,000 acre-feet yearly, and provide water to eastern Imperial Valley as the region prepares for potential changes to their Colorado River water rights [10]. Further north in California's Central Coast, San Benito County Water District received $6.7 million to inject and store up to 2,700 acre-feet of treated water, along with expanded wells and pipelines for drought response [11].

Figure 2: Most federal water investments are in California, followed by Texas, New York, Pennsylvania, and Arizona



IIJA and IRA water funding is attributed to states when administering agencies provide that level of geographic detail in their award data. Not included in this figure are federal awards made to recipients operating regionally or nationally (roughly $7.9 billion). All data reflects awards announced between 2021 and the end of 2025.

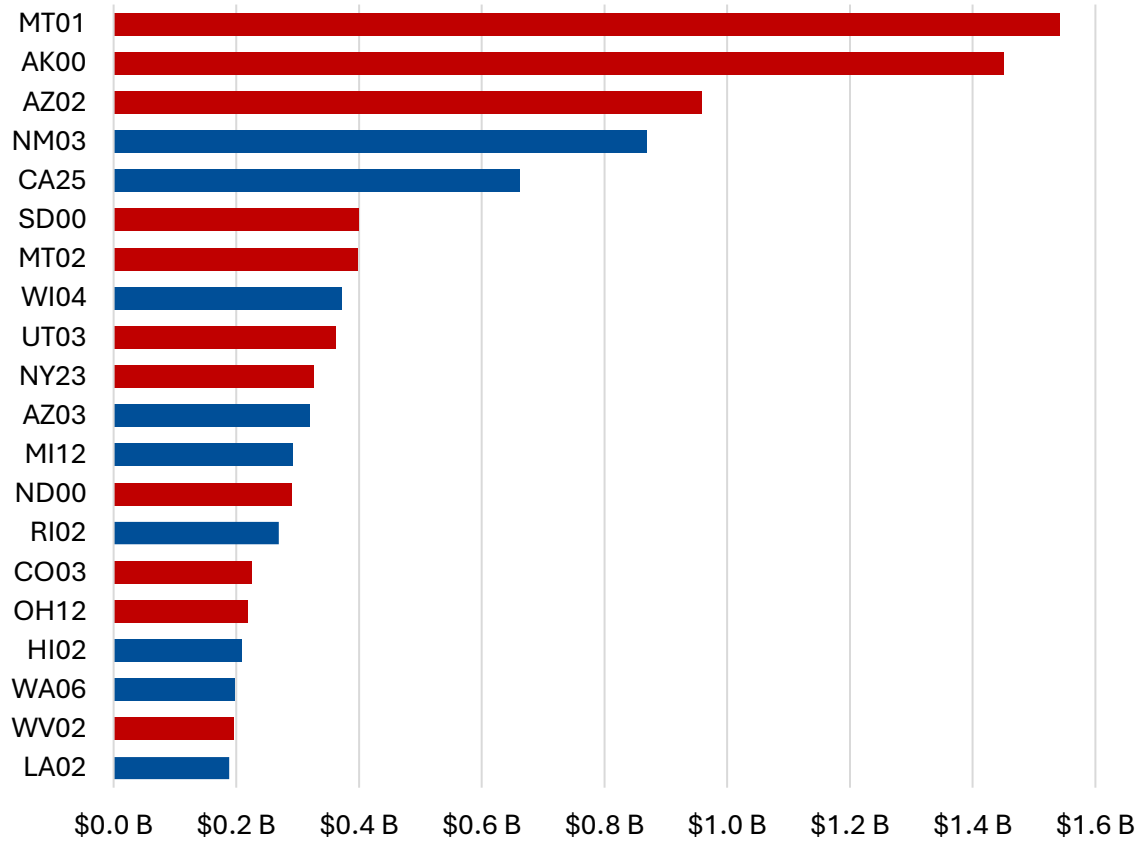
Source: Water Program Portal's Outcomes Dashboard

In Texas, federal dollars have primarily gone toward drinking water infrastructure and flood hazard mitigation efforts. The state has been allocated an additional $1.8 billion in SRF funding on top of its base allotment to enhance drinking water and wastewater systems. So far, these investments are estimated to replace 11,000 lead service lines across the state [4]. Projects such as the Riverbend Water Resources District's new intake, pump station,

pipeline, and 25-million-gallon-per-day treatment plant at Wright Patman Lake, along with upgrades to the San Leon Wastewater Collection System, aim to modernize infrastructure and enhance reliability [12]. In addition, nearly $400 million in Flood Mitigation Assistance Grants has been awarded to the state to help communities plan for and reduce risks associated with flood hazards, further strengthening Texas's ability to manage water resources and protect residents from flooding.

Arizona's funding has supported drought management and tribal water rights settlements and infrastructure upgrades. Entities around the state received about $940 million in DOI Drought Mitigation payments, including $292 million to the City of Phoenix and $154 million for the Salt River Project to compensate users for water conservation [13]. $408 million was also distributed to tribes in the region as Indian Water Rights Settlements, alongside $322 million to the Indian Health Service grants to support improved sanitation facilities in communities like Navajo Nation, the Hopi Tribe, the San Carlos Apache Tribe. These investments play a critical role in addressing water scarcity, enhancing infrastructure, and supporting tribal communities throughout the Southwest.

Figure 3: Water investments span Republican and Democrat Held Districts



This figure shows the top 20 Congressional districts from the 119th Congress with federal water spending, excluding state-wide or national awards like the SRFs. All data reflects awards announced between 2021 and the end of 2025. This figure excludes any awards that have been targeted for cancellation.

Source: Water Program Portal's Outcomes Dashboard

Federal water funding from IIJA and IRA supports projects across party lines, with 55 percent in Republican districts and 45 percent in Democrat district. Some of the largest investments landing in key districts in Montana, Alaska, Arizona, New Mexico, and California (Figure 3Figure 2: Most federal water investments are in California, followed by Texas, New York, Pennsylvania, and Arizona

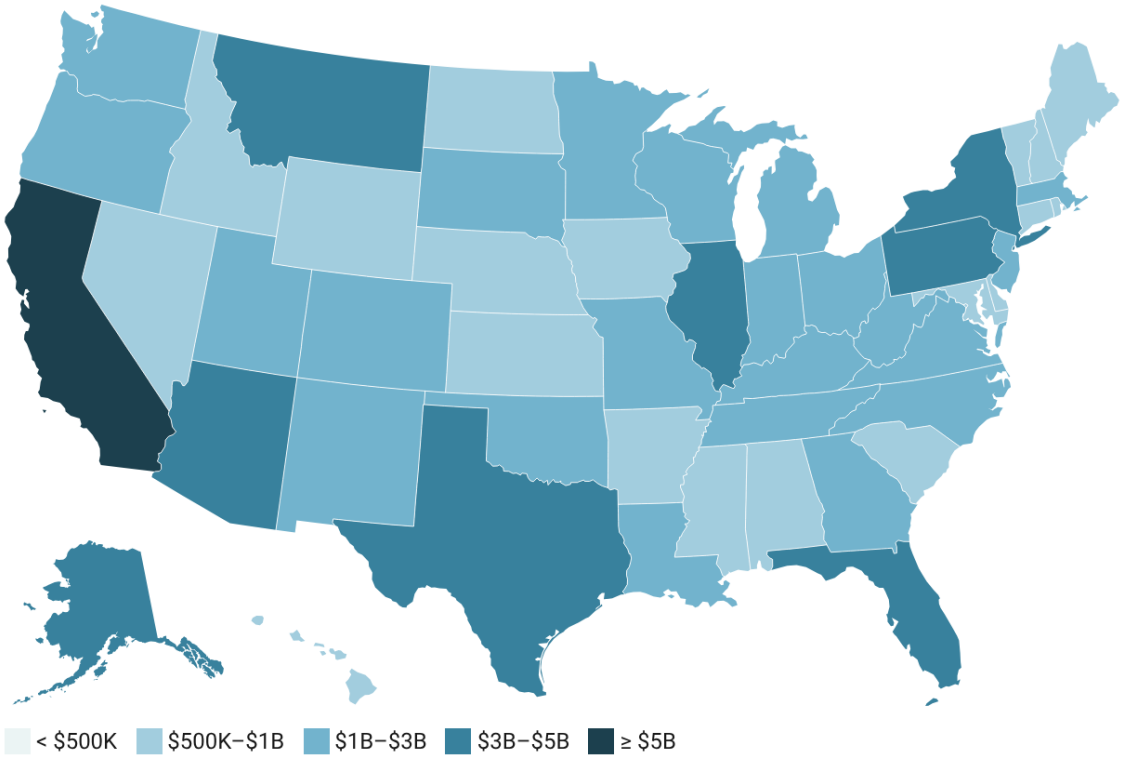


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Figure 3). Montana's 1st Congressional District has received $1.4 billion in funding to support Indian Water Rights Settlements. With one Congressional district, Alaska has received a number of significant investments, including 20 Indian Health Service Sanitation Facilities Construction Program grants supporting various Native Alaskan Villages with critical infrastructure upgrades. Arizona's 2nd district has received funding for 114 projects, including four DOI Drought Mitigation grants, intended to pay water users to conserve water and mitigate Western drought impacts. Meanwhile in New Mexico, in addition to supporting six Indian Water Rights Settlements in the region, the district has received $232 million for DOI's Rural Water Projects and $133 million for the Natural Resources Conservation Service's (NRCS) Emergency Watershed Protection Program. California's 4th district has also gotten significant Drought Mitigation funding, including $178 million for Imperial Irrigation District, $140 million for Metropolitan Water District of Southern California and Palo Verde Irrigation Districts, $42 million for Coachella Valley Water District, and $15.6 million for the Quechan Tribe. All of these grants intend to offset the economic losses incurred by the region reducing their reliance on Colorado River water.

State Revolving Funds

The CWSRF and the DWSRF continue to be the foundational funding mechanisms for the nation's drinking water and wastewater infrastructure. These programs received over $43

billion in additional federal funding appropriations from IIJA, with fiscal year 2025 marking the fourth installment of expanded investments. This ongoing support has helped states address critical and vast water infrastructure needs, with extra funding set-aside to address emergencies like lead service line replacement and emerging contaminants like per- and polyfluoroalkyl substances (PFAS). The DWSRF remains specifically focused on improving drinking water treatments, distribution, and supply [14]. Meanwhile, the CWSRF supports work ranging from water conservation, efficiency, and reuse to technical assistance and environmental initiatives that safeguard estuaries, watersheds, and stormwater treatment [15].

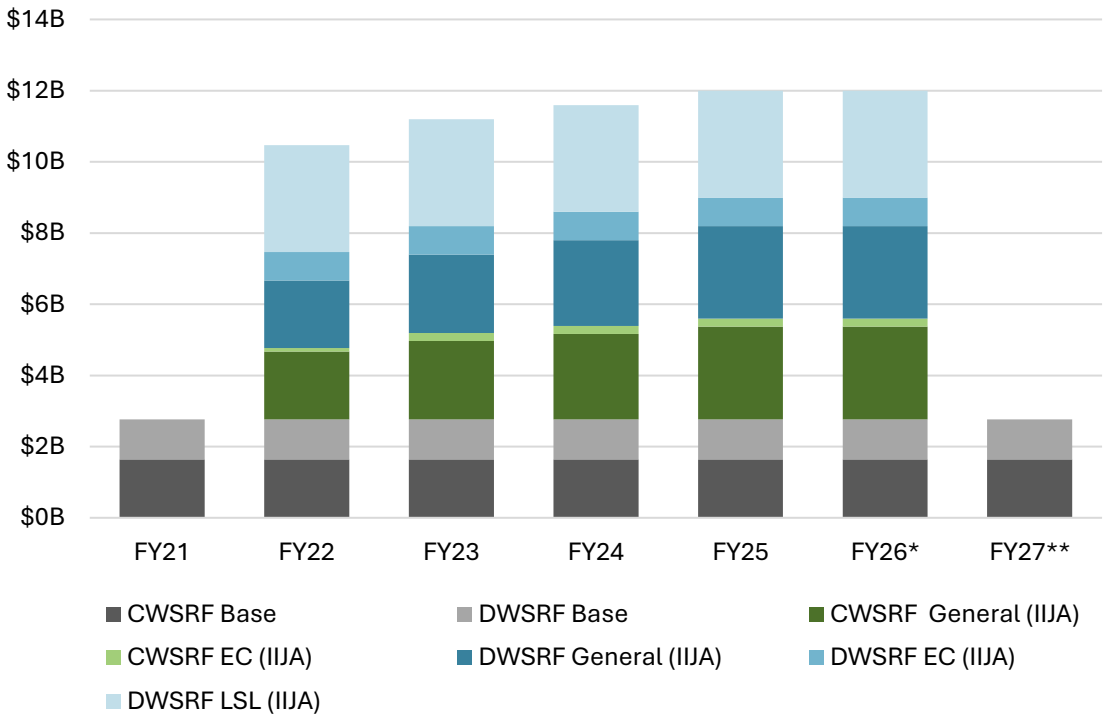
In total, over $45 billion has been dispersed to states and federal water projects from the SRFs through fiscal years 2022 to 2025, 79 percent of which has come from additional IIJA funding. Each state's respective administering agency is actively implementing their funding allotments according to their priority project lists, leading to a wide range of critical projects from lead service line inventories and replacement efforts, repairing drinking water system treatment facilities, expanding water supplies, implementing green infrastructure projects, and reducing the contaminants in wastewater (Box 2).

Box 2: Federal support for state SRF programs has increased since 2022

IIJA's boost in SRF funding has enabled states to markedly expand drinking water and clean water infrastructure projects across their communities over the past four years. To learn more about each state's SRF funding allotment, supported projects, and infrastructure funding needs, explore the Water Program Portal state SRF fact sheets at https://waterprogramportal.org/analysis/fact-sheets.

Roughly 27 percent of these allocations have been set aside to help states address lead service lines, a critical funding influx as all drinking water systems must address any existing lead in their infrastructure by 2037 to meet EPA standards [16]. Shortly after taking office, the Trump Administration moved to repeal these limits, but later reversed itself in August, saying it would defend the rule [17, 18]. In 2025, the allocations of these funds were delayed for five months, with $3 billion in replacement funding released November 25, instead of the usual April–May timeframe [19, 20]. The postponement was unusual, and according to the EPA, the result of the office's decision to recalculate state allotments after the implementation of a new service line inventory methodology decreased the reported national number of lead lines from approximately 9 million to 4 million [21].

Figure 4: Annual federal support for the SRFs has tripled since 2022



An additional $43 billion was appropriated for the SRFs by the Infrastructure Investment and Jobs Act (IIJA) and is being distributed annually between 2022 and 2026. FY26 funding levels reflect the latest Congressional appropriations for the EPA and anticipated IIJA allotments. FY27 funding levels are estimated based on historic base funding and reflect the end of IIJA appropriated funding.

Source: Water Program Portal's Outcomes Dashboard and EPA's State DWSRF and CWSRF Allotments (2022-2025).

IIJA provided a vital infusion to states and their SRF programs, empowering them to tackle long-standing drinking water and wastewater infrastructure needs while also expanding support for new projects (Figure 4). Although base funding for these programs was debated during the 2026 budget discussions, Congress ultimately chose to reject the Trump Administration's proposed budget cuts and preserve historic funding levels. Looking forward, the continuation of the increased funding initiated by the IIJA will depend on Congress as they consider federal surface transportation reauthorization.

Water Funding Targeted for Cancellation

The start of the Trump Administration introduced significant uncertainty for recipients of federal grants and loans, especially climate or environmentally focused ones. A series of funding freezes, cancellations, and ongoing threats of additional disruptions—combined with executive orders and related court proceedings—created an extended period of unpredictability for many federal programs. In total, grant cancellation attempts have impacted $5.7 billion in awarded funds and over 1,600 projects across eight programs and every state.

Environmental and Climate Justice Program

Created by the IRA, EPA's Environmental and Climate Justice (ECJ) program was designed to advance equity in environmental protection and support communities disproportionately affected by pollution and climate change. The initiative provided $3 billion in funding for local environmental justice projects, which was distributed between four sub-grant programs.

In early 2025, the ECJ funding experienced a wave of freezes and cancellations alongside hundreds of other EPA programs. A Trump Administration memo triggered a broad halt on IRA- and IIJA-funded programs, including environmental justice, climate, recycling, and research grants. By March 2025, the EPA announced the cancellation of over 400 climate and energy grants, a significant share of which were from the ECJ programs [22]. Cancellations included $50.7 million in EJ Collaborative Problem-Solving (EJCPS) grants, $57.6 million in EJ Government-to-Government (EJG2G) grants, $660 million in EJ Thriving Communities Grantmaking, and $1.7 billion in unobligated Community Change Grant funds.

EPA cut funding to active projects like Stay Ready Nola's Community Resiliency Hub and Workforce Development Program, intended to enhance community resilience to climate emergencies and extreme weather events. Other projects impacted by EPA's funding cuts include the San Diego Foundation's green infrastructure project that planned to install residential xeriscaping alongside other transportation and housing infrastructure improvements.

Despite a federal court order on April 15th directing EPA to fully unfreeze these grants, the agency simultaneously began issuing termination notices for more than 700 EJ-related

awards, covering nearly all programs within the Office of Environmental Justice [23]. Advocates characterized many of these terminations as unlawful and in violation of court instructions. However, by July 2025 any unobligated funding for the Community Change Grants, EJCPS, and EJG2G had been rescinded under the One Big Beautiful Bill Act (OBBA), making reinstating the cancelled grants even less feasible [24]. In December 2025, EPA insisted recipients complete close-out actions, which would make grant terminations final, even though some recipients were actively suing the agency [25]. Since, the official end dates and statuses of the projects have been updated to "complete" on USASpending.gov.

Overall, the cancellation of these grants claws back funding intended to support pollution reduction, resiliency, and locally led climate solutions in communities across the country.

Building Resilient Infrastructure (BRIC)

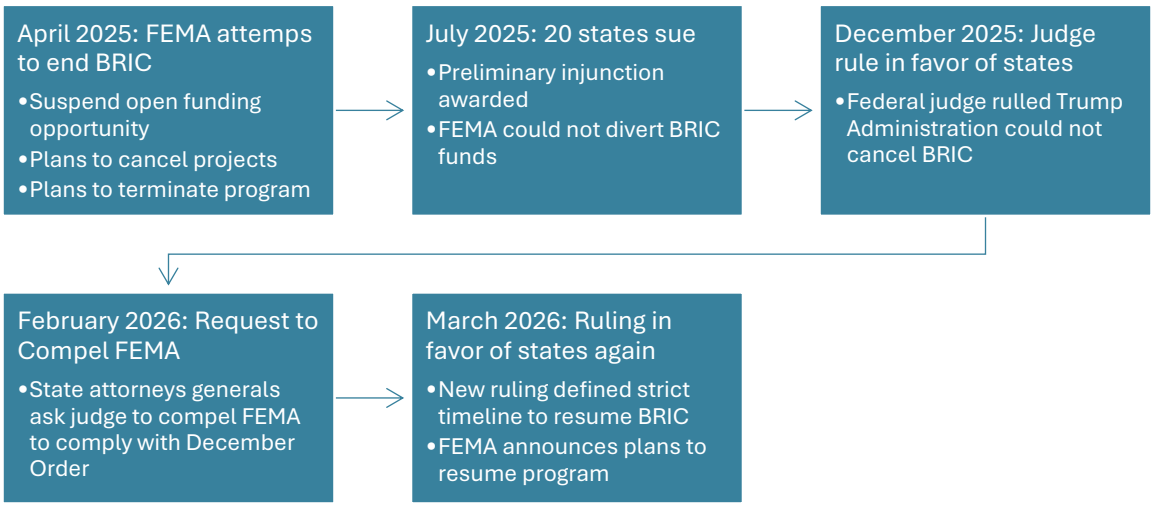
The BRIC program, created in 2018 under the Disaster Recovery Reform Act, is one of FEMA's primary tools for funding pre-disaster mitigation efforts across the United States. The program supports infrastructure and community planning aimed at reducing vulnerability to natural hazards such as floods, wildfires, and drought. Research shows that these types of preventive investments significantly reduce long-term disaster costs, with each federal dollar spent on mitigation generating an estimated six dollars in avoided losses [26]. BRIC's capacity expanded substantially in 2021 when IIJA appropriated an additional $1 billion to be distributed over five years, effectively increasing the program's annual funding by about $200 million from FY2022 through FY2026.

By the end of 2024, FEMA had awarded just over half of IIJA's supplemental BRIC funding. During this period, Alaska and Louisiana emerged as top recipients, and overall funding to BRIC projects from FY2020–2023 totaled $4.6 billion.[1]

In January 2025, after issuing a Notice of Funding Opportunity for another $750 million in awards, FEMA reversed course. In April, the agency suspended FY2025 funding and removed the funding opportunity. At this time they also announced plans to terminate BRIC entirely, cancel all applications from FY2020–2023, and return unspent IIJA funds to the U.S. Treasury [27]. When FEMA made this announcement, only about $133 million of the IIJA boost had been paid out to grantees, leaving roughly 88 percent of the appropriation unspent. FEMA further indicated it would cancel all unobligated grants and obligated projects that had not yet started construction.

[1] In FEMA's April 2025 announcement, the agency stated they intended to review and potentially cancel grants made from FY2020-FY2023 funding cycles. FY2024's funding cycle was halted at the time of this announcement.

Figure 5: BRIC Program Cancellation Attempt Timeline



After nearly a year of uncertainty following FEMA's attempt to cancel BRIC in April 2025, a new ruling in March 2026 set a strict timeline for the agency to resume the program and issue new funding opportunities.

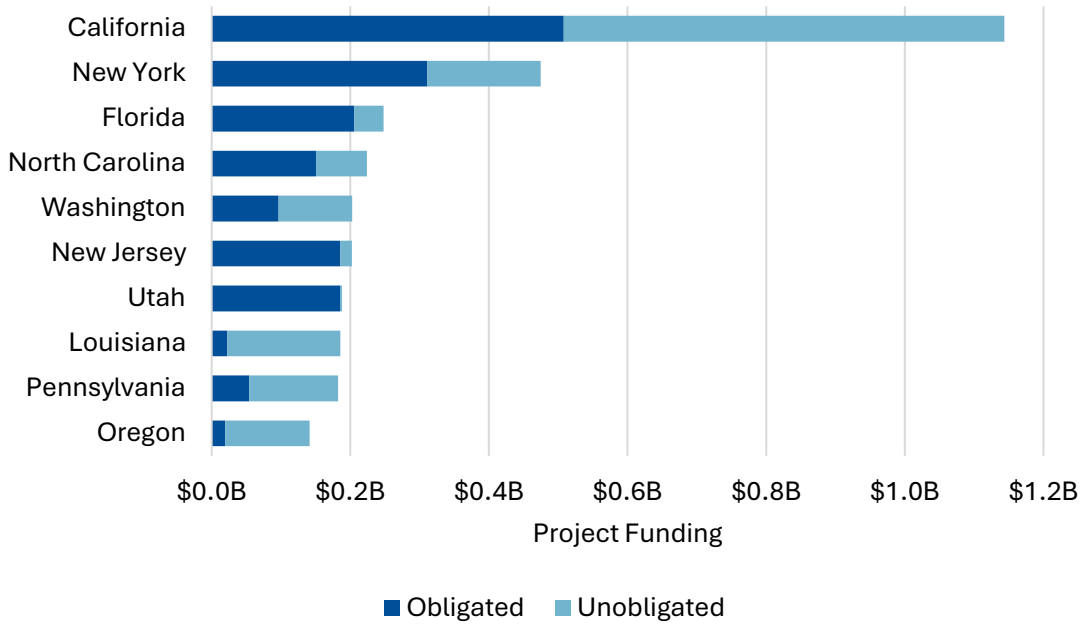
FEMA's decision prompted swift legal action, resulting in a lawsuit in July from 20 states arguing the agency lacked authority to terminate a congressionally established program [28]. A U.S. District Court in Massachusetts then issued a preliminary injunction preventing FEMA from diverting BRIC funds during litigation, and in December, a federal judge ruled the Trump Administration could not cancel a grant program used for disaster preparation [29]. FEMA has stated in court filings that no grants have been definitively canceled. In February, a coalition of state attorneys general filed a new court motion asking the judge to compel FEMA to comply with the December order, arguing that the agency has "offered no indication to Plaintiff States, the public, or FEMA's own regional offices that they have complied with the Order" [30]. In response, a March 6 ruling gave FEMA a strict 21-day deadline to issue the Fiscal Year 2024 BRIC Notice of Funding Opportunity. The ruling also requires FEMA to provide, within two weeks, an update on the status of existing BRIC projects that have remained in limbo since the agency attempted to cancel the program and ongoing projects last spring, as well as a schedule for the FY2025 and FY2026 funding cycles [31, 32]. FEMA has since announced plans to resume the program, complying with the courts [33].

The attempted termination halted urgent community infrastructure projects across the country and raised broader concerns about the reliability of federal grants. For example, the cities of Chelsea and Everett in Massachusetts planned to use roughly $50 million in BRIC funding to build a flood barrier that would protect critical infrastructure from tidal flooding

while also expanding a park threatened by rising sea levels, but the program freeze stalled the project for over a year [33]. This unexpected disruption caused the cities to lose $50 million in matching money from a state fund, leaving local officials unsure of how to proceed.

Overall, California, New York, Florida, North Carolina, and Washington have the most impacted BRIC grants (Figure 6). Restoring the program and unfreezing project funding will allow recipients to resume flood, wildfire, and storm mitigation projects and build resilience to future natural disasters.

Figure 6: Top 10 States with Unobligated BRIC Projects



Source: Atlas Public Policy analysis using OpenFEMA HMA Subapplications, September 2025

NOAA Funding Cuts

NOAA was an early target of the Trump Administration's funding cuts. First, the agency was impacted by significant staff reductions at the hands of the Trump Administration's Department of Government Efficiency [34]. The OBBA also brought significant changes to federal environmental and conservation policy [35].

On water policy, the legislation made cuts to NOAA that will hamstring the agency's ability to address hazards like flood and storms as they are worsened by climate change. OBBA rescinded about $1.8 billion in IRA funding for several key NOAA programs that supported

coastal resilience, national marine sanctuaries, environmental reviews, and atmospheric research and weather forecasting [36]. These programs were instrumental in supporting adaptation and resilience planning for coastal and riverine areas, providing resources for storm surge and flood modeling, habitat restoration, and climate-driven hydrologic modeling. This move eliminates crucial federal support for water-related adaptation efforts, leaving vulnerable communities at greater risk from climate impacts such as flooding and habitat loss.

Climate-Smart Agriculture Cuts at USDA

In June 2025, the USDA announced it would cancel approximately $1 billion in awards through the Regional Conservation Partnership Program (RCPP) [37]. This move represented a major shift from previously planned investments—$1.5 billion had been awarded to projects in fiscal year 2024, much of which was intended to support climate-smart agriculture practices instituted by the IRA. As USDA reoriented the program's focus toward traditional farmland conservation, stepping back from initiatives centered on climate resilience and adaptation, they canceled 76 percent of the previously awarded grants.

The impact of this pivot has impacted projects across the country. Of the 92 grants originally approved, 64 were canceled, leaving 28 to proceed as planned [37]. 50 of these grants received money from IRA and are tracked on the Water Program Portal Outcomes Dashboard under proposed canceled funding. The rescinded grants spanned a diverse set of conservation and climate-related efforts including grassland conservation, savanna restoration projects, regenerative grazing systems, and rangeland enhancements. Forest management activities, particularly those aimed at reducing wildfire risks through prescribed burns, were also cut. Watershed restoration projects, which play a critical role in protecting water quality and managing flood risks, also had their funding withdrawn, as did efforts to improve habitat connectivity and support biodiversity.

California and Oregon had the most canceled projects, with five and four rescinded grants respectively, losing a combined $146 million in support. Four of these projects were focused on addressing Western water issues, including $16 million for the adoption of Dairy Manure Subsurface Drip Irrigation, which increases water and nutrient efficiency, and $18.5 million for expanding resilient working lands. In the Great Plains, ten grassland awards totaling $157 million for states like Montana, Nebraska, South Dakota, and Texas were rescinded. Among these was a $25 million initiative to boost resilient, connected grassland conservation in Eastern Montana, and another $25 million dedicated to expanding Nebraska's Grassland Cores. Eleven projects across eight states (Arkansas, Iowa, Illinois, Indiana, Minnesota, Mississippi, Ohio, and Tennessee) that would have supported the

health of the Mississippi River lost $202 million in funding, including $25 million for the Iowa Driftless Floodplain Resilience and Restoration Project and $12.5 million for the Mississippi Critical Conservation Area Soil Carbon Project.

Collectively, the rescinded grants represented a broad retreat from climate adaptation, methane reduction, increased soil carbon sequestration, and landscape-scale conservation. This shift underscores USDA return to an emphasis on traditional farmland preservation.

Looking Ahead

Despite widespread funding cuts, freezes, and confusion across federal climate and conservation programs, some critical water programs will continue to support projects in 2026. Namely, the SRFs remain a crucial source of support for water infrastructure projects in 2026. Approximately $9.2 billion is available in SRF funding for FY2026, ensuring that states can continue to draw from both current and prior year allotments to support critical drinking water system upgrades and wastewater treatment facility improvements. Congress has protected the SRF's base EPA funding, despite the Trump Administration's May budget request that sought to dramatically decrease SRF appropriations by nearly 90 percent [1]. As a result, a critical federal lever for supporting water infrastructure remains intact, allowing ongoing investments in safe drinking water and clean water projects throughout the country.

Other major water programs like BRIC are poised to finally move funding to projects again after stalling new funding opportunities for months [31].

Going forward, the ongoing support for water funding from the EPA, DOI, Forest Service, FEMA, and other agencies, as IIJA and IRA allocations are exhausted, will be contingent upon forthcoming legislative action. Notably, FY2026 marks the final year of the SRF "boost" by IIJA, which includes additional resources targeting lead service line replacements and PFAS mitigation. The continuation of increased SRF funding for states relies on whether federal surface transportation reauthorization maintains the boost introduced by the IIJA.

The infrastructure bill, which originally funded IIJA in 2021, expires September 30, 2026, and stakeholders are letting Congress know how they believe reauthorization funds should be spent [38]. This moment presents an important opportunity for the water policy community to use their voice in an effort to maintain the increased funding levels for programs like the SRFs, ensuring continued advancements in water infrastructure and climate resilience beyond 2026 [39]

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